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Proposed programme budget for the biennium 2004-2005

Capital master plan

Sixteenth report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the Secretary-General's first annual progress report on the implementation of the capital master plan (A/58/599). During its consideration of the matter, the Committee met with representatives of the Secretary-General.

2. The report of the Secretary-General is submitted in compliance with section II of General Assembly resolution 57/292 of 20 December 2002. It outlines the work undertaken in the context of the project during 2003 and provides information on the utilization of funds approved so far for the implementation of the project. In addition, the report discusses the status of three interconnecting factors determining the overall schedule for the implementation of the capital master plan: availability of funding, availability of swing space and the progress of technical aspects.

3. In section II, paragraph 5, of its resolution 57/292, the General Assembly decided to implement the capital master plan on the basis of the baseline scope under the first approach to phasing and swing space proposed by the Secretary-General in his report (A/57/285), with a construction budget of $1,049 million, a variance of plus or minus 10 per cent (i.e. a range estimated to be $944.1 million to $1,153.9 million), a proposed construction start date of October 2004 and a construction duration of five years. Upon request, the Secretariat confirmed that the cost projections on which the Assembly decision was based were still valid.

4. In section II, paragraph 29 (a), of the same resolution, the General Assembly requested the Secretary-General to report to the Assembly at its fifty-eighth session on the status of possible funding arrangements, including a financial package to be provided by the host country. In this connection, the Advisory Committee notes the information provided in paragraph 4 of document A/58/599. The Committee was informed that the host country was continuing to consider possible funding modalities. Interest-free loans as well as other financing options were being explored. The host country would most likely be in a position to advise on funding proposals in early 2004. Moreover, given the funding situation, the Committee was

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further informed that the Secretary-General had deferred the establishment of the advisory board (see A/57/285, para. 66), as he did not believe it could be productive, useful or appropriate currently.

5. An update on the status of negotiations with the city and state of New York is presented in paragraphs 6 to 11 of document A/58/599. The city of New York and the United Nations Development Corporation (UNDC), in consultation with the United Nations, have begun the selection process for an architect for the design of a new building to be used as swing space (see A/57/285, paras. 36-42 and A/57/7/Add.4, paras. 10-15). It is anticipated that a final decision will be made before the end of 2003. Subject to the resolution of funding matters and community issues (see A/57/285, paras. 8 and 78), UNDC plans to begin construction in the first half of 2005. The Committee was informed that the city of New York had encountered some delays with the acceptance of the mitigation measures by the local community. The proposal to build an esplanade along the East River, as compensation to the community for the loss of the playground, was currently being reviewed by the Community Board. The city was also seeking additional solutions that would lead to community approval.

6. The Advisory Committee notes the progress of designed work and implementation of capital components of the strengthening of security projects at Headquarters, reported in paragraphs 12 to 16 and 18 to 23 of document A/58/599. The Committee further notes that the Office of Internal Oversight Services has indicated in its report on the capital master plan for the period from January to July 2003 "that the process of issuing requests for proposals for the purpose of selecting architectural and engineering firms to provide the design services under the capital master plan has advanced satisfactorily, that there is reasonable assurance to indicate that the process thus far has been transparent and fair and that internal controls in the request for proposals process appeared adequate (see A/58/342, summary). **The Advisory Committee welcomes the progress made in this phase of the project.**

7. The Advisory Committee notes that for design and related project management costs, the amount committed for the implementation of the capital master plan is $16.8 million against the amount of $25.5 million appropriated by the General Assembly for the biennium 2002-2003 in section II, paragraph 25, of its resolution 57/292. A separate account has been established to manage the appropriation and allotment for the plan. The Committee was provided with information on contracts for procurement for the plan.

8. On the subject of additional conference rooms foreseen in the baseline scope (see A/57/285, paras. 20-23), the Advisory Committee was informed that the Department of General Assembly Affairs and Conference Management had analysed past demand for rooms and current requests in order to determine more effectively the requirements for the future. An architectural study had been completed on the possibilities of introducing natural light into the new meeting rooms. The Secretary-General had submitted proposals on the matter (A/58/556), which the Committee would report separately.

9. On the issue of parking, as requested by the General Assembly (resolution 57/292, sect. II, para. 17), the Advisory Committee was informed that the matter was being re-examined with a view to increasing parking where possible without added cost. That was also the subject of a separate study, which would be submitted to the Assembly at its resumed fifty-eighth session.

10. On the management aspects of the project (see A/57/7/Add.4, paras. 22-23 and annex III), the Advisory Committee was informed that on 1 February 2003 the Executive Director of the project had been appointed on a full-time basis, and nine Professional staff had been assigned to the project, managing both the capital master plan start-up and the capital master plan-related aspects of the projects on the strengthening of security. A programme management firm would supplement the project management staff. It was expected that the firm to be selected would perform a number of services, including independent technical review of the design work, coordination of design work for the various buildings, and the maintenance of estimates and the schedule for the project. It was planned to retain the construction management firm before major design submissions were made.

11. On the future management structure and staffing requirements of the project, the Advisory Committee was informed that the matter was under review by the Under-Secretary-General for Management, to whom the Executive Director was responsible. The Committee recognizes that in order to implement the capital master plan successfully, it is critical to have adequate staffing resources at the appropriate levels with the required specialized expertise (including from outsourcing).

12. **As the capital master plan will be a time-limited and specialized project of the Secretariat, to be implemented on a phased basis (see A/57/285, paras. 48-57), additional staffing for the plan should be requested in accordance with actual workload requirements in each phase. In this connection, the Advisory Committee trusts that before submitting proposals for additional staffing for the capital master plan, the Secretary-General will take full account of the in-house expertise available both within the Department of Management (financial services, human resources, procurement, facilities management) as well as elsewhere in the Secretariat (legal services, public information and conference services) and that care will be taken not to replicate existing organizational structures and staffing resources, but rather to maximize opportunities for coordination and collaboration.**